

# **EXHIBIT C**

**DECLARATION OF MARC A. LEVINSON  
IN SUPPORT OF  
ORRICK, HERRINGTON & SUTCLIFFE LLP'S  
FIRST INTERIM FEE APPLICATION  
(JUNE 1, 2006 THROUGH JULY 31, 2006)**



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Task B170 – Fee/Employment Objections

07/20/06	M. Levinson	Initial review of the draft limited objection to the continued employment of Ray Quinney, Mesirow and the Schwartz firm and conference with L. Ernce re the same and re related matters (.20); review follow-up email memoranda from A. Parlen and L. Ernce re the draft pleading (.10).	0.30	168.00
07/20/06	L. Ernce	Review email from A. Parlen re joint response to interim fee procedures motion (.10); review next draft of First Trust Deed Fund Committee's draft pleading in response to request to continue employment of debtors' professionals (.20); conference with M. Levinson re same, whether fund committees will oppose proposed interim compensation procedures, and logistics for Orrick's fee submissions (.30); review M. Levinson email to S. Strong re same (.10); further revise draft pleading in response to request to continue employment of debtors' professionals (.20); email to A. Parlen re Diversified Committee joining in the pleading and re need to discuss fund committees' positions on interim compensation procedures (.10); review next version of response to request to continue employment of Ray Quinney and Schwartz law firms (.20).	1.20	558.00
07/21/06	L. Ernce	Review U.S. Trustee's oppositions to continued employment of debtors' counsel and email to Diversified professionals re same (.20); conference with M. Levinson re same and related issues (.10).	0.30	139.50
07/21/06	M. Levinson	Review the oppositions of the U.S. Trustee to the continued employment of Ray Quinney and telephone conversation with M. Tucker re the same and re related matters.	0.30	168.00
07/21/06	L. Ernce	Conference with M. Levinson re status of response on application to continue employment of debtors' professionals and review emails re same.	0.10	46.50



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07/24/06	L. Ernce	Conference with M. Levinson re application of debtors' professionals to continue employment (.10); review objections, including objection by McGimsey family and email to M. Levinson re same (.30); review responses in support of employment applications by Schwartzer firm (.10).	0.50	232.50
07/26/06	L. Ernce	Review and exchange emails with A. Parlen re possible issue re joint response to interim fee procedures motion (.10); telephone conference with A. Parlen re same and possible modifications to draft to permit two funds to file a joint response (.20); conference with M. Levinson re my proposal re same (.10).	0.40	186.00
		<i>B170 – Fee/Employment Objections Total</i>	<i>3.10</i>	<i>1,498.50</i>
		<b>PHASE B100 – ADMINISTRATION TOTAL</b>	<b>129.40</b>	<b>64,292.50</b>
		<b>PHASE B200 – OPERATIONS</b>		
		<i><u>Task B210 – Business Operations</u></i>		
07/11/06	L. Ernce	Review draft order authorizing continued use of cash through August 6.	0.10	46.50
07/18/06	L. Ernce	Review emails re estimates of Diversified professional fees for debtors' budgeting purposes.	0.10	46.50
07/19/06	L. Ernce	Review debtors' third revised budget and email memo to Diversified professionals re same.	0.20	93.00
07/21/06	M. Levinson	Exchange of email memoranda with A. Loraditch, L. Ernce and others re the cash management motion and the hearing thereon.	0.20	112.00
07/24/06	L. Ernce	Telephone conference with A. Parlen and C. Pajak re objections to debtors' third revised budget, status of meeting between financial advisors and Mesriow re same, and logistics for drafting joint response (.20); draft email memo to Diversified professionals re same (.10).	0.30	139.50
07/25/06	L. Ernce	Review order approving cash collateral usage to August 6 and email to Diversified professionals re same and re upcoming hearing on debtors' next cash management motion and third revised budget.	0.10	46.50



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07/26/06	L. Ernce	Draft email memo to C. Pajak and A. Parlen re status of response to cash management motion and review C. Pajak email re same (.10); review draft response to cash management motion prepared by First Trust Deed Fund Committee (.20); email to Diversified financial advisors re same (.10).	0.40	186.00
07/27/06	L. Ernce	Review final version of joint response to cash management motion and third revised budget (.20); exchange emails with M. Tucker and M. Levinson re same (.10); sign on behalf of Diversified Committee and email to C. Pajak re same (.10).	0.40	186.00
07/27/06	L. Ernce	Review objections to cash management motion by direct lenders and unsecured creditors committees.	0.20	93.00
07/28/06	L. Ernce	Conference with M. Levinson re revising draft joint response to cash management motion (.10); revise and finalize same (.20); exchange emails with First Trust Deed Committee attorneys re approval to file joint response (.10).	0.40	186.00
		<i>B210 – Business Operations Total</i>	2.40	1,135.00

Task B230 – Financing/Cash Collections

07/03/06	M. Levinson	Review today's draft of the DIP financing order and the C. Carlyon email memorandum covering the same (.10); email memorandum to all hands re my approval of and brief comments on the form of order (.10); review brief follow-up email memoranda from C. Carlyon, G. Garman and A. Landis, sign the form of order and email it under cover of a memorandum to all hands (.20).	0.40	224.00
07/19/06	M. Levinson	Review the debtors' most recent loan funding spreadsheet and forward the same to M. Tucker and other DTDF professionals under cover of an email memorandum.	0.20	112.00


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07/21/06	L. Ernce	Exchange emails with Diversified legal team re filing further response to cash collateral motion in light of new budget and related matters (.10); conference with M. Levinson re his call with E. Karasik re responses to cash collateral and interim compensation motions due next week and whether two fund committees will file joint responses (.20); email to A. Parlen re same and proposed division of labor (.10).	0.40	186.00
07/26/06	L. Ernce	Review updated list of portfolio funding requirements prepared by Mesirow and email to Diversified professionals.	0.20	93.00
07/27/06	M. Levinson	Initial review of the Fertitta proposal to fund the Rio Rancho project and of the R. Charles email memorandum raising questions about the same.	0.10	56.00
07/28/06	M. Levinson	Further review of the Fertitta funding proposal, and telephone conversation with G. Garman re the same, the distribution motion and other matters (.20); exchange email memoranda with A. Jarvis giving the Diversified Committee's consent to the Fertitta matter going forward on August 4th (.10).	0.30	168.00
07/28/06	J. Hermann	Review and analysis of Fertitta funding proposal on Rio Rancho Executive Plaza and consideration and analysis of issues in connection with the same.	0.30	171.00
<i>B230 – Financing/Cash Collections Total</i>			1.90	1,010.00
<b>PHASE B200 – OPERATIONS TOTAL</b>			<b>4.30</b>	<b>2,145.00</b>
<b>PHASE B300 – CLAIMS AND PLAN</b>				
<i><u>Task B310 – Claims Administration and Objections</u></i>				
07/05/06	K. Neureiter	Participate on conference call with M. Levinson, E. Karasik and C. Pajak to discuss objection to proof of claim by Prospect High Income Fund.	0.10	37.50
07/05/06	K. Neureiter	Complete detailed review of documentation re Prospect High Income Fund forwarded by J. Hermann.	2.30	862.50
07/05/06	M. Levinson	Conference with K. Neureiter re the objection to the Prospect High Income Fund claim and brief email memorandum to E. Karasik re such claim.	0.20	112.00



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07/06/06	M. Levinson	Review K. Neureiter email memorandum to A. Loraditch re items from the state court docket relating or possibly relating to the Prospect High Income Fund proof of claim.	0.10	56.00
07/06/06	K. Neureiter	Draft A. Loraditch email requesting pleadings and respond.	0.20	75.00
07/06/06	K. Neureiter	Research and review case law re issue preclusion in Ninth Circuit.	1.90	712.50
07/06/06	K. Neureiter	Review in detail state court docket for pleadings to request from A. Loraditch.	0.40	150.00
07/06/06	L. Ernce	Review series of emails re objection to High Income Prospect Fund proof of claim.	0.10	46.50
07/07/06	M. Levinson	Review K. Neureiter and A. Loraditch email memoranda re documents relevant to the objection to the Prospect High Income Fund proof of claim.	0.10	56.00
07/07/06	K. Neureiter	Confer with J. Hermann re arguments for claim objection.	0.20	75.00
07/07/06	K. Neureiter	Review state court docket in preparation for call with A. Loraditch.	0.20	75.00
07/07/06	K. Neureiter	Call with A. Loraditch to discuss pleadings needed for Prospect High Income Fund objection.	0.20	75.00
07/10/06	K. Neureiter	Review pleadings from state case forwarded by A. Loraditch in preparation for drafting objection to claim.	0.60	225.00
07/11/06	K. Neureiter	Review Epic indenture.	0.70	262.50
07/11/06	K. Neureiter	Research issue preclusion in the Third Circuit.	4.60	1,725.00
07/12/06	K. Neureiter	Continue issue preclusion research in Third and Ninth Circuits.	2.80	1,050.00
07/12/06	K. Neureiter	Review complaint filed by Bank of New York in Third Circuit bankruptcy case.	0.20	75.00
07/13/06	M. Levinson	In connection with the possible objection to the claim filed by Prospect High Income Fund, review the lengthy A. Loraditch email memorandum to K. Neureiter re various pleadings in the Nevada state court action brought by Prospect High Income Fund.	0.10	56.00
07/13/06	K. Neureiter	Review email from A. Loraditch re state court pleadings related to Prospect High Income Fund.	0.20	75.00
07/13/06	K. Neureiter	Begin review of numerous state court documents forwarded by A. Loraditch related to claim objection.	3.30	1,237.50



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07/15/06	M. Levinson	Review the several drafts of the order vacating the bar date order, review various email memoranda re the same, sign a form of order and email it to all hands.	0.20	112.00
07/17/06	K. Neureiter	Draft email to A. Loraditch regarding Prospect High Income Fund proof of claim.	0.10	37.50
07/21/06	L. Ernce	Exchange emails with A. Loraditch re gathering proofs of claim filed by equity holders for purposes of future claim objection.	0.10	46.50
07/21/06	K. Neureiter	Review state court pleadings forwarded by A. Loraditch re Prospect High Income Fund proof of claim.	1.60	600.00
07/28/06	K. Neureiter	Review emails from J. Hermann and M. Levinson re status and transferring Prospect High Income Fund proof of claim to Beckley Singleton.	0.10	37.50
07/28/06	K. Neureiter	Review email from J. Hermann following up on the objection to proof of claim filed by Prospect High Income Fund and a potential legal research assignment and confer briefly with L. Ernce regarding assignment.	0.20	75.00
07/31/06	K. Neureiter	Research constructive trusts in Ninth Circuit per M. Levinson and review results.	3.00	1,125.00
<i>B310 – Claims Administration and Objections Total</i>			23.80	9,072.50

*Task B320 – Plan and Disclosure Statement (including Business Plan)*

07/06/06	M. Levinson	Review and analyze email memorandum to all committee counsel from F. Wright, counsel to a potential exit financier, re next steps.	0.20	112.00
07/12/06	M. Levinson	Portion of the very long telephone conversation with J. Hermann, L. Ernce and A. Loraditch devoted to plan of reorganization issues discussed at yesterday's meetings in Las Vegas and re next steps.	0.40	224.00
07/12/06	J. Hermann	Participate in conference call with Diversified Committee counsel regarding results of all-hands meeting with debtors' representatives yesterday and regarding issues bearing upon plan of reorganization timing and substance and possible reactions to the same.	0.40	228.00



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07/25/06	M. Levinson	Telephone conversation with M. Tucker, C. Harwick and L. Ernce re the discussions in Las Vegas earlier today with A. Jarvis re the filing of a plan.	0.20	112.00
07/25/06	L. Ernce	Telephone conference with M. Tucker, C. Harwick and M. Levinson re debtors' intent to file a plan and timing.	0.10	46.50
07/25/06	J. Hermann	Meeting with Plan Proponent No. 1 regarding unique circumstances and issues bearing upon purchase and sale of Diversified Fund assets.	1.30	741.00
07/26/06	L. Ernce	Review letter of intent to acquire debtors' loan portfolios by an interested bidder.	0.20	93.00
07/26/06	M. Levinson	Telephone conversation with J. Hermann re yesterday's discussions in Las Vegas with a potential plan participant (Plan Proponent No. 1) (.20); telephone conversation with M. Tucker and J. Hermann re the same (.20); email memorandum from E. Karasik with her telephone conversation with D. Cooney, a principal of Plan Proponent No. 2, telephone conversation with J. McCarroll, counsel for Plan Proponent No. 2 and review follow-up email memorandum from J. McCarroll (.20); telephone conversation with A. Landis re yesterday's plan discussions at USA Mortgage (.10); review M. Tucker email memorandum re Plan Proponent No. 1, and exchange a series of many email memoranda with E. M. Bloom, counsel to Plan Proponent No. 1 (.20); review M. Bloom email memorandum to E. Karasik and telephone conversation with M. Bloom re Plan Proponent No. 1, plan issues and other matters (.20).	1.10	616.00



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07/27/06	M. Levinson	Telephone conversation with M. Bloom re background and re next steps with respect to a possible proposal from Plan Proponent No. 1 (.10); portion of a long telephone conversation with A. Jarvis and S. Strong re plan issues and next steps in the plan process (.20); long telephone conversation with M. Bloom and M. Tucker re a possible proposal from Plan Proponent No. 1 (.70); long telephone conversation with lawyers and representatives from Plan Proponent No. 2 and with representatives of the four committees re a possible plan proposal from Plan Proponent No. 2 (.70).	1.70	952.00
07/28/06	M. Levinson	Telephone conversation with S. Kahn re plan proposal from Plan Proponent No. 2 (.10); telephone conversation with potential Plan Proponent No. 4 (.30).	0.40	224.00
07/28/06	J. Hermann	Participate in exchange of email correspondence regarding interest of Plan Proponent No. 1 in purchasing loans and pleadings filed by Diversified Committee yesterday.	0.30	171.00
07/29/06	M. Levinson	Exchange of email memoranda with M. Bloom re the plan proposal made by Plan Proponent No. 1.	0.10	56.00
07/30/06	M. Levinson	Email memorandum to E. Karasik and M. Tucker forwarding M. Bloom's email about the letter of intent from Plan Proponent No. 1 and review brief response from M. Tucker, review E. Karasik and M. Tucker responses thereto, and email memorandum to A. Jarvis requesting a copy of the letters of intent.	0.20	112.00



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07/31/06	M. Levinson	Long telephone conversation with potential Plan Proponent No. 4 (.40); exchange a series of many email memoranda with A. Jarvis, R. Charles, E. Karasik and others re a possible all-hands meeting to discuss plan proposals the week of August 7th (.20); initial review of the letter of intent from Plan Proponent No. 1 (.30); review and analyze E. Karasik email memorandum suggesting an alternate procedure to an all-hands meeting for obtaining plan proposals and review and analyze M. Kvarda and T. Burr email memoranda on the same topic (.20); telephone conversation with M. Tucker re the same (.20); telephone conversations with J. Hermann and E. Karasik re the same (.20); telephone conversation with E. Karasik re next steps in light of the Plan Proponent No. 1 proposal and other developments (.20); lengthy email memorandum to committee professionals re next steps, including a call tomorrow (.20); review email responses from a number of committee professionals (.10).	2.00	1,120.00
		<i>B320 – Plan and Disclosure Statement (including Business Plan) Total</i>	8.60	4,807.50
		<b>PHASE B300 – CLAIMS AND PLAN TOTAL</b>	<b>32.40</b>	<b>13,880.00</b>
		<b>PHASE B400 – BANKRUPTCY-RELATED ADVICE</b>		
		<i>Task B503 – Litigation</i>		
07/02/06	M. Levinson	Review and analyze K. Neureiter outline/memorandum re a possible interim distribution to Diversified Fund investors, and analysis re next steps in light of the same.	0.50	280.00
07/02/06	M. Levinson	Review and analyze law review article on substantive consolidation.	0.40	224.00
07/03/06	M. Levinson	Conference with K. Neureiter re substantive consolidation issues and re next steps (.40); telephone conversation with A. Loraditch re the same (.10); telephone conversation with J. Hermann re substantive consolidation issues and strategies (.30); initial review of two key substantive consolidation cases (.20).	1.00	560.00



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07/03/06	M. Levinson	Conference with K. Neureiter re issues relating to a possible interim distribution to members of the Diversified Fund (.20); telephone conversation with S. Strong re the status of the interim distribution motion (.10); telephone conversation with K. Neureiter re the same and a subsequent telephone conversation with K. Neureiter following her conversation with C. Pajak (.10); analysis re next steps (.20); draft, revise and finalize a lengthy email memorandum to the other Diversified Fund professionals re the conversation with S. Strong, re the investor statements and the interim distribution motion and re next steps with respect to the same and related matters (.50).	1.10	616.00
07/03/06	K. Neureiter	Review email from M. Levinson re conversation with S. Strong and interim distribution.	0.10	37.50
07/03/06	K. Neureiter	Confer with M. Levinson re substantive consolidation issues.	0.40	150.00
07/03/06	K. Neureiter	Research and review various cases and articles re substantive consolidation.	3.20	1,200.00
07/03/06	K. Neureiter	Confer briefly with M. Levinson re Standard and Lemons cases.	0.10	37.50
07/03/06	K. Neureiter	Review committee presentation forwarded by M. Levinson.	0.30	112.50
07/03/06	K. Neureiter	Follow up conversation with M. Levinson re conversation with C. Pajak regarding interim distribution.	0.10	37.50
07/03/06	K. Neureiter	Confer with M. Levinson re interim distribution.	0.20	75.00
07/03/06	K. Neureiter	Follow up conversation with M. Levinson re conversation with S. Strong re interim distribution.	0.20	75.00
07/03/06	K. Neureiter	Confer with C. Pajak re forthcoming interim distribution motion from S. Strong.	0.20	75.00
07/03/06	J. Hermann	Review and analysis of cases and secondary materials bearing upon recharacterization of claims and substantive consolidation and formulation of arguments.	1.80	1,026.00
07/03/06	J. Hermann	Review and analysis of Diversified Fund prospectus in connection with promises made to investors as to attributes of loans to be funded and potential causes of action.	0.80	456.00



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07/03/06	J. Hermann	Telephone conference with M. Levinson regarding theories for pro-rata distribution in case including substantive consolidation and recharacterization and numerous related matters.	0.30	171.00
07/03/06	M. Levinson	Begin reviewing the 2003 DTDF prospectus.	0.20	112.00
07/05/06	K. Neureiter	Review email from M. Levinson re Bonham case and forward case to him.	0.10	37.50
07/05/06	K. Neureiter	Forward various cases re substantive consolidation to L. Ernce.	0.10	37.50
07/05/06	K. Neureiter	Confer with L. Ernce and M. Levinson re substantive consolidation.	0.30	112.50
07/05/06	K. Neureiter	Email to M. Levinson various substantive consolidation cases for his review.	0.10	37.50
07/05/06	K. Neureiter	Participate on conference call with M. Levinson, L. Ernce, C. Pajak and E. Karasik re interim distribution.	0.20	75.00
07/05/06	K. Neureiter	Review argument for interim distribution drafted by C. Pajak and review/confirm cases as cited.	0.40	150.00
07/05/06	K. Neureiter	Participate on conference call with M. Levinson, E. Karasik and C. Pajak to discuss interim distribution argument.	0.10	37.50
07/05/06	K. Neureiter	Detailed voicemail message to C. Pajak re my minor comments to summary.	0.10	37.50
07/05/06	K. Neureiter	Obtain and review various Ninth Circuit substantive consolidation cases and additional secondary sources.	2.70	1,012.50
07/05/06	M. Levinson	Initial review of the Ninth Circuit Bonham substantive consolidation case and of a list of decisions citing it (.20); telephone conversation with C. Harwick re the same (.10); telephone conversation with L. Ernce re the same and re next steps (.10); telephone conversation with L. Ernce and K. Neureiter re next steps (.20); telephone conversation with M. Tucker and C. Harwick re the same (.10).	0.70	392.00


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07/05/06	M. Levinson	Telephone conversation with L. Ernce re the distribution motion following the all-hands call (.10); telephone conversation with E. Karasik, S. Strong, C. Harwick, L. Ernce and others re the distribution motion (.20); follow-up email memorandum to E. Karasik (.10); follow-up telephone conversation with M. Tucker and C. Harwick re the distribution motion (.10); telephone conversation with E. Karasik, C. Pajak and K. Neureiter re making an interim distribution to investors in the funds (.10).	0.60	336.00
07/05/06	J. Hermann	Telephone conference with M. Levinson regarding substantive consolidation and document production issues.	0.20	114.00
07/05/06	J. Hermann	Review and analysis of consolidated all-committee document request addressed to debtors, preparation of proposed changes and additions to the same, and participation in exchange of email correspondence regarding the same.	0.90	513.00
07/05/06	D. Tyukody	Review prospectus and outline issues to be addressed, including sources of misrepresentations and potential causes of action.	2.70	1,714.50
07/05/06	L. Ernce	Telephone conference with M. Levinson re strategy and status matters related to substantive consolidation (.20); follow-up telephone conference with M. Levinson and K. Neureiter re same (.20); exchange emails with K. Neureiter (.10).	0.50	232.50
07/05/06	L. Ernce	Telephone conference with M. Levinson re debtors' distribution motion and related issues.	0.20	93.00
07/05/06	L. Ernce	Review draft argument re distribution motion prepared by First Trust Deed Fund Committee.	0.20	93.00
07/06/06	J. Hermann	Conference with D. Tyukody regarding facts relevant to possible securities action and related matters.	0.50	285.00
07/06/06	J. Hermann	Participate in conference call with M. Levinson, L. Ernce and K. Neureiter regarding substantive consolidation issues and facts and other litigation matters and further consideration and analysis of issues raised therein.	0.50	285.00



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07/06/06	M. Levinson	Careful review and analysis of the Lemons and Bonham decisions in connection with possible motions and adversary proceedings (2.20); careful review and analysis of the first third of the June 2003 DTDF prospectus (1.20); telephone conversation with J. Hermann, L. Ernce and K. Neureiter re the same, re substantive consolidation and re related strategic issues (.40); telephone conversation with M. Tucker re the same (.30); analysis re next steps (.20).	4.30	2,408.00
07/06/06	M. Levinson	Review and respond to S. Strong email memorandum re taking the investor-by-investor or loan-by-loan approach in the distribution motion and review the lengthy R. Charles follow-up memorandum re the same (.30); review lengthy L. Ernce email memorandum re her conference call with S. Smith, R. Charles and E. Karasik re the same (.10); review K. Neureiter email memorandum re her research concerning a possible distribution to fund investors (.10); exchange follow-up email memoranda with L. Ernce re possibly making a distribution to fund investors (.10); review the form of investor statement forwarded by M. Tucker and telephone conversation with M. Tucker and C. Harvick re the same and re next steps related to the same (.30); exchange email memoranda with K. Neureiter re a portion of the draft insert the First Trust Deed Fund Committee would like to include in the distribution motion (.10).	1.00	560.00
07/06/06	K. Neureiter	Call with L. Ernce re authority for investor-by-investor netting.	0.10	37.50
07/06/06	K. Neureiter	Review cases to find authority for investor-by-investor v. loan-by-loan netting.	0.60	225.00
07/06/06	K. Neureiter	Review email from L. Ernce re status of argument and potential recoupment.	0.10	37.50
07/06/06	K. Neureiter	Briefly review cases and draft email with recoupment analysis.	0.40	150.00
07/06/06	K. Neureiter	Review voice message from C. Pajak re comments to argument and return call and left message re same.	0.10	37.50
07/06/06	K. Neureiter	Confer with C. Pajak re interim distribution arguments.	0.20	75.00
07/06/06	K. Neureiter	Draft email to M. Levinson re C. Pajak's comments to interim distribution motion.	0.20	75.00


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07/06/06	K. Neureiter	Review email from M. Levinson re strategy on particular case in motion and left C. Pajak a voice message.	0.10	37.50
07/06/06	K. Neureiter	Continue review of cases and journal articles re substantive consolidation.	0.70	262.50
07/06/06	K. Neureiter	Conference with L. Ernce, M. Levinson and J. Hermann re substantive consolidation arguments.	0.30	112.50
07/06/06	D. Tyukody	Telephone conference with J. Hermann regarding matters uncovered during his investigations.	0.50	317.50
07/06/06	L. Ernce	Review S. Strong and M. Levinson emails re debtors' motion to distribute funds on an investor-by-investor basis rather than loan-by-loan and review M. Levinson voicemail re same (.10); telephone conference with K. Neureiter re same and related status matters (.20); telephone conference with E. Karasik and C. Pajak re legal authorities for investor-by-investor basis (.10); telephone conference with E. Karasik, C. Pajak, R. Charles and S. Freeman re committees' various stances on motion to distribute funds and levels of matching criteria required to permit distributions (.20); draft email memo to M. Levinson re same (.10); exchange emails with M. Levinson re possible distribution (.10); review K. Neureiter email re netting research (.10); telephone conference with K. Neureiter re same (.10); begin reviewing cases forwarded by K. Neureiter (.80); review R. Charles email memo re unsecured creditors' committee's position re distribution motion and email memo to M. Levinson re same, telephone conference with M. Levinson re same (.30).	2.10	976.50
07/06/06	L. Ernce	Telephone conference with M. Levinson, K. Neureiter and J. Hermann re strategy issues for responding to distribution motion, including possible substantive consolidation argument.	0.40	186.00



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07/07/06	M. Levinson	Email memorandum to B. Axelrod and A. Loraditch re upcoming call re the Lemons case, re substantive consolidation and re next steps (.10); conference call re the same and related strategic matters with the Diversified Committee professionals (1.60); telephone conversation with J. Hermann and K. Neureiter re the distribution motion (.10); very long telephone conversation with D. Tyukody re issues relating to the 2003 DTDF prospectus, and voicemail message to M. Tucker with D. Tyukody re the same (.50)	2.30	1,288.00
07/07/06	J. Hermann	Prepare for and participate in conference call with Diversified Committee professionals to analyze litigation strategy relating to possible claims for substantive consolidation, reclassification of putative ownership interests of direct lenders and issues bearing upon distribution motion to be filed today.	1.60	912.00
07/07/06	J. Hermann	Review and analysis of debtors' motion for distribution of funds and consideration and analysis of various bases for response/opposition to the same and review and analysis of file materials in connection with the same.	1.80	1,026.00
07/07/06	K. Neureiter	Review Lemons and Bonham cases per M. Levinson in preparation for call.	1.40	525.00
07/07/06	K. Neureiter	Participate on conference call with J. Hermann, M. Levinson, L. Ernce, A. Loraditch re distribution motion.	1.50	562.50
07/07/06	K. Neureiter	Begin review of motion to distribute funds.	0.20	75.00
07/07/06	K. Neureiter	Review emails with comments to motion to distribute funds.	0.20	75.00
07/07/06	D. Tyukody	Telephone conference with M. Levinson regarding misrepresentations in offering prospectus and potential causes of action; telephone conference to debtor's counsel in connection therewith.	0.50	317.50



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07/07/06	L. Ernce	Review draft distribution motion by debtors (.20); review emails from R. Charles with preliminary comments (.10); review email from First Trust Deed Fund counsel re substance comments to draft motion (.10) review finalized version and email memo to Diversified professionals re same (.20); research and review cases re substantive consolidation and other potential strategies for responding to debtors' distribution motion (1.80); exchange emails with Diversified professionals re debtors' distribution motion (.10); further review of cases and research (.90).	3.40	1,581.00
07/07/06	L. Ernce	Conference call with Diversified professionals to strategize re distribution motion.	1.50	697.50
07/09/06	M. Levinson	Review and analyze the motion to distribute funds, review the comments of counsel to the USA Mortgage Committee and of counsel to the First Trust Committee to the prior draft thereof and analysis re next steps in light of the motion and the points raised by the other two committees.	1.20	672.00
07/10/06	K. Neureiter	Review Shepard's report and all cases cited for Lemons case.	1.30	487.50
07/10/06	K. Neureiter	Review distribution motion and all exhibits.	0.90	337.50
07/10/06	M. Levinson	Long conference call with M. Tucker, C. Harwick, J. Hermann and L. Ernce re the distribution motion and related strategic and next steps options (.70); review the loan statistics as of April 12th distributed by S. Strong and telephone conversation with J. Hermann re the same and its impact on the distribution motion (.20).	0.90	504.00
07/10/06	D. Tyukody	Review materials prepared by S. Katz (.40); telephone conference with M. Levinson related thereto and telephone conference to S. Katz (.30).	0.70	444.50
07/10/06	L. Ernce	Review S. Strong email re status of mailing of investor statements and Mesirow report.	0.20	93.00
07/10/06	J. Hermann	Participate in conference call with Diversified Committee professionals regarding Lemons issues and substantive consolidation issues in connection with the debtors' distribution motion.	0.70	399.00



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07/10/06	J. Hermann	Review and analysis of financial information circulated by Mesirow on distributions from collection account and related issues.	0.90	513.00
07/10/06	M. Levinson	Telephone conversation with D. Tyukody re possible claims against third parties.	0.30	168.00
07/11/06	K. Neureiter	Confer with M. Levinson re status of interim distribution motion.	0.10	37.50
07/11/06	J. Hermann	Participate in exchange of email correspondence regarding and review and analysis of loan summaries prepared by Mesirow calculating amounts by which loans were overdistributed on petition date and including loan not ever before included within Diversified portfolio.	1.30	741.00
07/12/06	M. Levinson	Portion of the very long telephone conversation with J. Hermann, L. Ernce and A. Loraditch re the discussions at yesterday's meetings in Las Vegas relating to the interim distribution motion, possible substantive consolidation and other litigation matters.	1.30	728.00
07/12/06	L. Ernce	Review exchanges of emails re possible meeting with J. Milanowski and issues related to distribution motion (.20); review emails re cash distributions from Diversified Fund (.20); participate in conference call with M. Levinson, J. Hermann and A. Loraditch re, among other things, distribution motion factual and strategy issues (2.00).	2.20	1,023.00
07/12/06	J. Hermann	Participate in conference call with Diversified Committee counsel regarding results of all-hands meeting with debtor representatives yesterday, regarding strategy and tactics bearing upon opposition to distribution motion, possible substantive consolidation and possible reclassification of direct lenders under Lemons case rationale, and discussion of plan of reorganization issues and case administration issues.	1.50	855.00



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07/12/06	J. Hermann	Consideration and analysis of issues bearing upon entitlement of USACM to continue to take cash of Diversified Fund to pay LLC management fee, manner of calculation of the same, amount of assets under administration and related issues and participation in exchange of email correspondence regarding the same.	0.40	228.00
07/13/06	J. Hermann	Participate in conference call with Messrs. Tucker, Harwick, and Levinson regarding discovery of facts supporting theories of substantive consolidation, and recharacterization of direct lenders as unsecured creditors and regarding issues in connection with distribution motion.	1.00	570.00
07/13/06	J. Hermann	Prepare outline for opposition to distribution motion incorporating arguments regarding substantive consolidation and recharacterization of direct lender claims and review and analysis of prior pleadings in connection with the same.	2.80	1,596.00
07/13/06	M. Levinson	Very lengthy telephone conversation with M. Tucker, C. Harwick and J. Hermann re opposing the distribution motion, substantive consolidation and other litigation and strategic matters (.90); review the response of the unsecured creditors committee to the R. LePome motion and request for ruling (.10).	1.00	560.00
07/13/06	L. Ernce	Review emails and documents re status of discussions on distribution and related matters.	0.30	139.50
07/13/06	K. Neureiter	Review various email regarding responses to distribution motion.	0.20	75.00
07/14/06	J. Hermann	Further review and analysis of Diversified Fund prospectus in connection with arguments to be made in upcoming litigation, including opposition to disbursement motion, recharacterization of direct lenders, and substantive consolidation.	0.90	513.00



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07/14/06	J. Hermann	Review and analysis of pleadings from a New Jersey bankruptcy case in connection with arguments to be made in upcoming litigation, including opposition to disbursement motion, recharacterization of direct lenders, and substantive consolidation and participation in exchange of email correspondence regarding the same.	0.40	228.00
07/14/06	M. Levinson	Telephone conversation with J. Hermann and L. Ernce re responding to the distribution motion.	0.20	112.00
07/14/06	J. Hermann	Conference with M. Levinson regarding issues in connection with opposition to distribution motion.	0.20	114.00
07/14/06	J. Hermann	Preparation of outline of limited opposition to distribution motion and review and analysis of file materials in connection with the same and participation in exchange of email correspondence regarding the same.	2.90	1,653.00
07/14/06	L. Ernce	Telephone conference with M. Levinson and J. Hermann re distribution motion strategies (.30); review emails from J. Hermann re strategy (.10); review draft outline of arguments for opposition to distribution motion (.20); review opinion forwarded by J. Hermann in another case (.20).	0.80	372.00
07/15/06	M. Levinson	Review email memoranda, documents, pleadings and cases in connection with formulation the Diversified Committee's limited objection to the distribution motion.	0.80	448.00
07/15/06	K. Neureiter	Review and respond to various emails from J. Hermann regarding arguments and drafting limited opposition to distribution motion.	0.40	150.00
07/16/06	M. Levinson	Initial review of the J. Hermann outline of a limited opposition to the distribution motion.	0.30	168.00
07/17/06	K. Neureiter	Call with M. Levinson to discuss distribution motion.	0.20	75.00
07/17/06	K. Neureiter	Review draft of limited opposition forwarded by J. Hermann.	0.70	262.50
07/17/06	K. Neureiter	Review numerous documents (pleadings, legal authority) related to arguments for limited opposition.	4.40	1,650.00



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07/18/06	J. Hermann	Participate in conference call with Diversified Committee professionals to plan arguments for opposition to distribution motion, fact-gathering for the same and to discuss related issues of recoupment and offset, substantive consolidation and recharacterization of direct lender claims.	1.40	798.00
07/18/06	J. Hermann	Review and revise of draft of limited opposition to distribution motion as a result of new information received from debtors and to include argument that debtors failed to credit Diversified Fund with prior failures of USACM to remit loan proceeds to the Diversified Fund.	1.40	798.00
07/18/06	J. Hermann	Review and analysis of further information received from debtors relating to amounts to be distributed pursuant to distribution motion and participation in exchange of email correspondence regarding the same.	0.60	342.00
07/18/06	M. Levinson	Review M. Tucker email memorandum forwarding distribution data provided by Mesirow and telephone conversation with M. Tucker re the same and re the distribution motion, generally (.30); very long telephone conversation with M. Tucker, C. Harwick, J. Hermann, L. Ernce (for part) and K. Neureiter (for part) re responding to the distribution motion (1.40).	1.70	952.00
07/18/06	K. Neureiter	Call with J. Hermann, L. Ernce, M. Levinson and A. Loraditch to discuss limited opposition to distribution motion.	1.20	450.00
07/18/06	K. Neureiter	Review series of emails regarding specific facts and figures to be included in limited opposition.	0.20	75.00
07/18/06	K. Neureiter	Review docket and forward to J. Hermann and M. Levinson debtors' supplemental pleading in support of distribution motion.	0.20	75.00
07/18/06	K. Neureiter	Review debtors' supplemental pleading.	0.20	75.00
07/18/06	K. Neureiter	Review email from J. Hermann regarding historical background of Ponzi schemes.	0.10	37.50
07/18/06	K. Neureiter	Send A. Loraditch email regarding page limits for limited opposition and declaration.	0.10	37.50
07/18/06	K. Neureiter	Review J. Hermann's revised draft of limited opposition.	0.70	262.50



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07/18/06	K. Neureiter	Conduct legal research and review results per J. Hermann related to limited opposition.	4.80	1,800.00
07/18/06	L. Ernce	Telephone conference with M. Levinson, K. Neureiter and FTI re responding to distribution motion (.80); review next draft of argument outline (.20).	1.00	465.00
07/19/06	J. Hermann	Review and analysis of opposition to distribution motion filed by certain direct lenders.	0.30	171.00
07/19/06	J. Hermann	Analysis of cases citing Lemons case, and similarities and differences and participation in exchange of email correspondence regarding whether Nevada has enacted legislation overruling result of Staff Mortgage case.	1.60	912.00
07/19/06	J. Hermann	Participate in conference call with Diversified Committee professionals regarding response to distribution motion and other related litigation topics and review and analysis of servicing agreements and other transaction documents in connection with the same.	1.20	684.00
07/19/06	K. Neureiter	Review notes from conference call yesterday re strategy and arguments for limited objection.	0.20	75.00
07/19/06	K. Neureiter	Review Lemons case and identify key facts for limited objection; re-review debtors' distribution motion for arguments; review draft limited objection.	3.30	1,237.50
07/19/06	K. Neureiter	Participate in conference call with Diversified Committee professionals regarding response to distribution motion and other related litigation topics and review and analysis of servicing agreements and other transaction documents in connection with the same.	1.00	375.00
07/19/06	K. Neureiter	Review J. Hermann's revised draft outline of the limited objection.	0.20	75.00
07/19/06	K. Neureiter	Review various cases cited in all circuits from Lemons' Shepard's Report.	0.60	225.00
07/19/06	K. Neureiter	Review email from A. Loraditch re cases cited in Shepard's in Ninth Circuit and draft response.	0.30	112.50



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07/19/06	M. Levinson	Telephone conversation with A. Jarvis, J. Hermann and M. Tucker re setoff issues relating to the distribution motion and re related matters (.20); telephone conversation with J. Hermann, M. Tucker, C. Harwick, L. Ernce and K. Neureiter re the foregoing and re responding to the distribution motion (1.20); review and analyze the limited opposition filed by R. LePome and N. Allf and the series of follow-up email memoranda from A. Loraditch, J. Hermann and M. Tucker (.80).	2.20	1,232.00
07/19/06	L. Ernce	Telephone conference with Diversified Committee professionals re limited opposition to distribution motion and strategies re same (1.30); review multiple emails among professionals re same (.30).	1.60	744.00
07/19/06	L. Ernce	Review objection to distribution motion by R. LePome.	0.10	46.50
07/20/06	K. Neureiter	Review J. Hermann emails re additional arguments for limited opposition re recharacterization.	0.20	75.00
07/20/06	K. Neureiter	Review R. LePome objection to motion for distribution and email response from M. Tucker re arguments.	0.50	187.50
07/20/06	K. Neureiter	Review various legal articles re recharacterization as requested by L. Ernce.	0.80	300.00
07/20/06	K. Neureiter	Confer with L. Ernce re arguments for recharacterization.	0.10	37.50
07/20/06	K. Neureiter	Legal research and review results re recharacterizing debt in Ninth Circuit per J. Hermann.	5.00	1,875.00
07/20/06	L. Ernce	Review summary of article re debt recharacterization and email to K. Neureiter re same (.10); telephone conference with K. Neureiter re issues related to distribution motion and related matters (.30); review exchanges of emails re responsive pleadings (.10); review R. Charles email and documents prepared by unsecured creditors committee's financial advisor re alternative outcomes depending on different netting procedures (.20).	0.70	325.50



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07/20/06	M. Levinson	Further analysis in connection with the limited opposition to the distribution motion, with a focus on the type of arguments raised by R. LePome about loan servicers (.80); telephone conversation with M. Tucker in preparation for the conference call re the distribution motion (20); telephone conversation with J. Hermann in preparation for the conference call re the distribution motion (20); very long conference call with A. Jarvis, S. Strong, M. Tucker, C. Harwick and J. Hermann re the distribution motion, with S. Smith for part (1.00); exchange a series of email memoranda with J. Hermann and M. Tucker re the distributions to direct lenders shortly prior to bankruptcy (.20).	2.40	1,344.00
07/20/06	J. Hermann	Participate in conference call with debtors' representatives and Diversified Committee representatives regarding issues in connection with distribution motion, including failure to creditor Diversified Fund with amounts diverted prepetition from loan repayments in calculation of amounts to be distributed to Diversified Fund pursuant to distribution motion.	1.20	684.00
07/20/06	J. Hermann	Telephone conference with M. Levinson regarding upcoming conference call to discuss distribution motion issues and related topics.	0.20	114.00
07/21/06	L. Ernce	Review emails from C. Harwick re evidence in support of limited opposition to distribution motion (.20); email to Diversified professionals re court's order approving stipulation to extend deadlines for responses to cash collateral and distribution motions (.10); email same to Diversified financial advisors and review exchanges of emails re same and possible use in response to distribution motion (.10); review and approve final version with minor comment and sign response on behalf of Diversified (.20); exchange emails with A. Parlen re same (.10); review email from M. Tucker re issues related to distribution motion (.10); review K. Neureiter email re facts to support response to distribution motion (.10); review M. Tucker email re setoff issue (.10).	1.00	465.00



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07/21/06	K. Neureiter	Confer with M. Levinson re status and strategy re limited opposition.	0.20	75.00
07/21/06	K. Neureiter	Conference call with J. Hermann to discuss strategy and arguments for Limited Opposition.	0.50	187.50
07/21/06	K. Neureiter	Conference call with J. Hermann and A. Loraditch to expand upon various arguments and strategy for limited opposition.	0.40	150.00
07/21/06	K. Neureiter	Review docket and pull/review various pleadings/declarations for introduction facts for limited opposition and draft detailed email to J. Hermann with facts extrapolated from T. Allison's declaration.	4.00	1,500.00
07/21/06	M. Levinson	Email memorandum to M. Tucker and C. Harwick re preparing evidence for the DTDF limited opposition to the distribution motion and review C. Harwick response thereto (.10); telephone conversation with K. Neureiter re issues and next steps with respect to the limited opposition (.20); telephone conversation with M. Tucker and C. Harwick re the distribution motion and related accounting and evidence issues (.60); telephone conversation with J. Hermann re drafting the pleading and re next steps (.40); review, analyze and respond to C. Harwick email memorandum re his calculation of unremitted principal relating to certain loans (.20); review M. Schmahl email memorandum re issues he would raise in the limited opposition pleading (.10); telephone conversation with J. Hermann re structuring the draft limited opposition to the motion and re various issues to be discussed (.30); review a series of C. Harwick, M. Tucker and J. Hermann email memoranda re calculating the various offsets and re treating distributions made prior to bankruptcy (.20).	2.10	1,176.00
07/21/06	J. Hermann	Prepare expanded outline of factual considerations and legal arguments for pleading in partial opposition to distribution motion and review and analysis of file materials, financial information and legal authorities in connection with the same.	6.50	3,705.00



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07/21/06	J. Hermann	Conference with K. Neureiter and later, A. Loraditch, regarding assistance in drafting brief on recharacterization of direct lenders as unsecured creditors, research on same and related matters.	0.90	513.00
07/21/06	J. Hermann	Telephone conference with M. Levinson regarding numerous issues in connection with preparation of pleadings in opposition to distribution motion and related matters.	0.40	228.00
07/22/06	L. Ernce	Review exchanges of emails re issues related to strategy for response to distribution motion.	0.20	93.00
07/22/06	M. Levinson	Review and analyze a series of J. Hermann, M. Tucker and C. Harwick email memoranda re the DTDF limited opposition to the distribution motion and the evidence in support thereof, and respond to the last chain of email memoranda.	0.40	224.00
07/22/06	J. Hermann	Further drafting of limited opposition to distribution motion, review and analysis of case authorities bearing upon the same, review and analysis of financial information and other file materials bearing upon the same and participation in exchange of email correspondence regarding the same.	7.70	4,389.00
07/22/06	J. Hermann	Telephone conference with C. Harwick regarding financial information needed for limited opposition to distribution motion.	0.40	228.00
07/23/06	K. Neureiter	Call with J. Hermann and M. Levinson re argument for limited opposition.	0.30	112.50
07/23/06	K. Neureiter	Obtain various cases per J. Hermann and forward to J. Hermann.	0.20	75.00
07/23/06	K. Neureiter	Review prior email from J. Hermann re sample servicing and subscription agreement and draft email to C. Harwick and M. Tucker.	0.20	75.00
07/23/06	K. Neureiter	Obtain and review cases from Lemons Shepard's Reports distinguished by Lemons in preparation to draft argument section.	0.70	262.50
07/23/06	K. Neureiter	Confer with J. Hermann re facts and arguments of limited opposition.	0.10	37.50
07/23/06	K. Neureiter	Review updated draft of limited opposition and review Lemons case again in preparation to draft argument section.	1.50	562.50



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07/23/06	M. Levinson	Conference with J. Hermann re the limited opposition to the distribution motion (.50); review and interlineate comments to the first draft of a portion of the limited opposition, confer with J. Hermann re the same and telephone conversation with K. Neureiter with J. Hermann in connection with the same (1.10); continue reviewing and interlineating comments to the first draft (.60).	2.20	1,232.00
07/23/06	J. Hermann	Further drafting of limited opposition to distribution motion including review and analysis of case authorities and secondary sources, participation in exchange of email correspondence regarding the same, and office conferences with M. Levinson and others regarding the same.	6.90	3,933.00
07/24/06	K. Neureiter	Confer with M. Levinson re Lemons case for limited opposition.	0.10	37.50
07/24/06	K. Neureiter	Draft summary of Lemons case for limited opposition.	4.20	1,575.00
07/24/06	K. Neureiter	Confer with J. Hermann re footnotes for limited opposition.	0.20	75.00
07/24/06	K. Neureiter	Draft footnotes for limited opposition; reviewing holdings of various cases.	1.60	600.00
07/24/06	M. Levinson	Telephone conversation with K. Neureiter re Lemons issues in connection with drafting the limited opposition (.10); telephone conversation with J. Hermann re various issues related to the draft and re next steps (.20); telephone conversation with R. Charles re the position of the unsecured creditors committee on the distribution motion (.20); telephone conversation with M. Tucker re distribution motion issues (.20); telephone conversation with J. Hermann with L. Ernce re the foregoing (.20); telephone conversation with J. Hermann re the Lemons and the Clare's Foods discussions in the draft (.20); review J. McGimsey declaration and the exhibit thereto, namely the materially false December 31, 2005 update to Diversified Fund investors, and email re the same to J. Hermann and others (.20); begin reviewing and interlineating comments to tonight's draft of the limited opposition (.60).	1.90	1,064.00



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07/24/06	L. Ernce	Telephone conference with M. Levinson and J. Hermann re tomorrow's hearing and matters related to distribution motion.	0.20	93.00
07/24/06	L. Ernce	Review draft of Diversified Committee's limited opposition to distribution motion and emails re related matters.	0.60	279.00
07/24/06	L. Ernce	Review motion for relief from stay papers by Standard Property Development (.50); draft email memo to M. Levinson summarizing motion and underlying litigation with recommendations on next steps (.30); review M. Levinson email re same (.10).	0.90	418.50
07/24/06	J. Hermann	Further drafting of limited opposition to distribution motion, review and analysis of case authorities bearing upon the same, review and analysis of financial information and other file materials bearing upon the same and participation in exchange of email correspondence regarding the same.	8.80	5,016.00
07/25/06	M. Levinson	Continue reviewing, interlineating comments to and revising last night's draft of the limited opposition to the distribution motion, and during the course of the same, telephone conversations with K. Neureiter, J. Hermann and M. Tucker re the draft (2.80); more revising and drafting of the limited opposition (6.20); email memorandum re the draft and re next steps to the team of Diversified Committee professionals (.20).	9.20	5,152.00
07/25/06	L. Ernce	Email and telephone conference with M. Schmahl re status of Dr. Kantor's limited opposition to distribution motion and Diversified Committee's limited opposition.	0.10	46.50
07/25/06	L. Ernce	Emails and telephone conference with A. Loraditch re logistics for filing pleadings this Thursday on distribution and cash management motions.	0.10	46.50
07/25/06	L. Ernce	Review next draft of Diversified Committee's limited opposition to distribution motion (.30); review draft of unsecured creditors' committee's limited opposition (.20).	0.50	232.50
07/25/06	K. Neureiter	Review emails from J. Hermann regarding status of limited opposition.	0.10	37.50
07/25/06	K. Neureiter	Confer with M. Levinson regarding arguments for limited opposition.	0.20	75.00



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07/25/06	K. Neureiter	Detailed review of limited opposition per M. Levinson and draft comments.	1.80	675.00
07/25/06	K. Neureiter	Review cases/secondary sources related to recharacterization theory as requested by J. Hermann.	2.30	862.50
07/25/06	J. Hermann	Meet with FTI professionals regarding results of further records review, whether any additional support for limited opposition to distribution motion was located and related topics.	0.70	399.00
07/26/06	L. Ernce	Review unsecured creditors committee's draft response to distribution motion (.40); review multiple emails re status of Diversified Committee's response to distribution motion and conferences with M. Levinson re same (.20); telephone conferences with A. Loraditch and K. Neureiter re unsecured creditors committee's draft response and possible joinder (.20); telephone conference with M. Levinson re same and emails to A. Loraditch and K. Neureiter (.10); review A. Jarvis email re proposed bifurcation of hearing on distribution motion (.10).	1.00	465.00
07/26/06	K. Neureiter	Confer with M. Levinson re changes to limited opposition.	0.10	37.50
07/26/06	K. Neureiter	Confer with L. Ernce re concerns on joint objection circulated by R. Charles.	0.20	75.00
07/26/06	K. Neureiter	Confer with M. Levinson re status of limited opposition and assignments for tomorrow.	0.10	37.50
07/26/06	K. Neureiter	Review various emails for A. Loraditch, J. Hermann and M. Levinson related to facts and strategy for limited opposition.	0.30	112.50
07/26/06	K. Neureiter	Review emails and voice message from M. Levinson re status limited opposition.	0.20	75.00
07/26/06	K. Neureiter	Review revised limited opposition and draft comments.	2.20	825.00



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07/26/06	M. Levinson	Initial review and analysis of the draft three-committee joint response to the distribution motion emailed late yesterday by R. Charles (.30); review and interlineate comments to the draft Diversified Committee limited opposition to the distribution emailed by me the Diversified Committee professionals last night (.70); telephone conversation with M. Tucker re the draft limited opposition and re next steps (.20); telephone conversation with A. Landis re the Diversified Committee's thoughts on the distribution motion (.10); telephone conversation with A. Loraditch and B. Axelrod (for part) re the draft limited opposition and their comments thereto (.20); review A. Jarvis email memorandum re the debtors' decision to request only one distribution at the August 4th hearing and forward the same to M. Tucker and others (.10) telephone conversation with M. Tucker re issues raised by A. Jarvis and re next steps with respect to the draft limited opposition (.40); review J. Hermann's revised draft (of this afternoon) of the limited opposition to the distribution motion and interlineate changes to the same (.30); telephone conversation with M. Tucker re offset issues relating to the draft (.20); telephone conversation with J. Hermann re the draft (.30); continue revising the draft limited opposition and during the course of the same, review the comments sent by K. Neureiter and A. Loraditch and engage in telephone conversations with J. Hermann and C. Harwick, review the draft M. Tucker declaration in support thereof, and engage in a number of telephone conversations with M. Tucker, C. Harwick and J. Hermann re the same, several of them very long (6.90); email memorandum to K. Neureiter re helping finalize the M. Tucker declaration (.10).	9.80	5,488.00
07/26/06	J. Hermann	Extensive revision of limited opposition to distribution motion, including a rewrite of legal argument, and review and analysis of financial information and other file materials in connection with the same.	5.90	3,363.00



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07/26/06	J. Hermann	Participate in conference calls with FTI professionals and M. Levinson regarding discussion of matters to be included and matters to be excised from limited opposition and Declaration of M. Tucker in support thereof and numerous related matters and issues.	1.80	1,026.00
07/26/06	J. Hermann	Participate in exchange of email correspondence regarding factual developments in connection with distribution motion and additional legal issues involved with apparent intention to distribute funds on hand on petition date.	0.80	456.00
07/26/06	J. Hermann	Review and revise M. Tucker declaration and review and analysis of file materials in connection with the same.	2.80	1,596.00
07/27/06	K. Neureiter	Review revised draft of limited opposition and draft comments in an email to M. Levinson and J. Hermann	2.10	787.50
07/27/06	K. Neureiter	Review blackline of most recently revised draft and changes made.	0.40	150.00
07/27/06	K. Neureiter	Various calls with L. Ernce regarding finalizing limited opposition to distribution motion.	0.20	75.00
07/27/06	K. Neureiter	Cite check limited opposition and draft email to L. Ernce re results.	1.30	487.50
07/27/06	K. Neureiter	Review numerous emails from various parties regarding final comments and remaining assignments for completing limited opposition and declaration.	0.30	112.50
07/27/06	K. Neureiter	Review various emails from L. Ernce forwarding oppositions to distribution motion filed today.	0.10	37.50



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07/27/06	L. Ernce	Conference with M. Levinson re status of brief and declaration in support of limited opposition to distribution motion and next steps (.20); emails with M. Levinson re possible additional evidence to include with declaration (.10); multiple telephone conferences and emails with Diversified Committee professionals re status and modifications to brief and supporting declaration and exhibits (.60); revise next version of draft brief (.60); revise draft Tucker declaration (.20); review K. Neureiter cite checking edits and telephone conference with K. Neureiter re same (.20); proofread, revise and finalize limited opposition to distribution motion (1.80); exchange emails and telephone calls with Diversified Committee professionals re status of declaration and exhibits (.10).	3.80	1,767.00
07/27/06	M. Levinson	Portion of a long telephone conversation with A. Jarvis and S. Strong devoted to the distribution motion (.30); review numerous email memoranda from the Diversified Committee professionals with their comments to the draft (.60); review the exchange of A. Jarvis and E. Karasik email memoranda re continuing the portion of the distribution motion seeking ongoing distributions (.10); review lengthy L. Ernce email memorandum re the G. Kantor objection to the distribution motion (.10); telephone conversation with M. Tucker and J. Hermann re the near-final draft of the limited opposition and the near-final draft of the M. Tucker declaration (.30); review the near-final draft of the limited opposition, interlineate comments thereto and telephone conversation with L. Ernce re my proposed changes (.40); final review of the limited opposition (.30); review a series of numerous email memoranda from C. Harvick, L. Ernce, P. Kois and A. Loraditch re the finalization of the M. Tucker declaration and the service, filing and delivery of the Diversified Committee limited opposition and the Tucker declaration (.20).	2.30	1,288.00



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07/27/06	L. Ernce	Review responses to distribution motion by Kantor Group, First Trust Deed Fund Committee, Unsecured Creditors Committee and various direct lenders (.40); email memo to Diversified professionals re same (.10).	0.50	232.50
07/27/06	J. Hermann	Finalize limited opposition to distribution motion and supporting declaration of M. Tucker and office conferences and email in connection with the same.	3.70	2,109.00
07/28/06	M. Levinson	Telephone conversation with J. Hermann re next steps with responding to the various objections to the distribution motion (.20); portion of long telephone conversation with J. Hermann and M. Tucker re the same (.50); review lengthy J. Hermann email memorandum to K. Neureiter re researching another theory relating to the appropriation of Diversified Fund by USA Mortgage (.10); begin reviewing the numerous responses to the distribution motion (1.10).	1.90	1,064.00
07/28/06	J. Hermann	Telephone conference with M. Levinson regarding oppositions filed by various parties to distribution motion, handling of claim objection, and potential commencement of other litigation.	0.30	171.00
07/28/06	J. Hermann	Conference call with M. Levinson and M. Tucker regarding participation in collection efforts on 10-90, Inc. loan, Epic loan, other loans and arrangements with Investment Partners and regarding matters in connection with opposition to distribution motion.	0.50	285.00
07/28/06	J. Hermann	Further review and analysis of pleadings filed in connection with August 4th hearings including oppositions to distribution motion.	0.90	513.00
07/28/06	J. Hermann	Analysis of issues bearing upon constructive or express trust upon proceeds of \$18.9mm diversion from Diversified Fund and accounts generated in connection with the same and participation in exchange of email correspondence regarding research of legal issues bearing upon the same.	0.90	513.00


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07/28/06	J. Hermann	Initial draft of additional arguments for oral argument on August 4th in connection with oppositions received and effect of two different constructs of rights of direct lenders on administration of estates.	0.90	513.00
07/28/06	L. Ernce	Review U.S. Trustee's opposition to debtors' distribution motion and email to Diversified professionals re same (.10); review late-filed opposition to distribution motion by direct lenders committee and late-filed joinder by individual direct lenders (.10); email memo to Diversified professionals and telephone conference with M. Levinson re same (.10).	0.40	186.00
07/28/06	L. Ernce	Review portions of debtors' distribution motion and Diversified Committee's response.	0.30	139.50
07/29/06	M. Levinson	Exchange of email memoranda with A. Loraditch re the late-filed opposition by the direct lenders committee and re the possible ramifications thereof.	0.20	112.00
07/30/06	M. Levinson	Further attention to reviewing responses to the distribution motion.	0.80	448.00
07/31/06	J. Hermann	Review and analysis of debtors' unpaid interest summary for postpetition period for Diversified Fund as a whole and for each loan in the Diversified portfolio in connection with distribution motion.	0.40	228.00
07/31/06	J. Hermann	Telephone conference with M. Tucker and M. Levinson regarding issues bearing upon distribution of \$9 million cash on hand at petition date and other matters set for hearing on August 4th.	0.30	171.00
07/31/06	J. Hermann	Telephone conference with M. Levinson regarding issues for hearing on August 4th in connection with distribution motion and other matters on calendar.	0.30	171.00
07/31/06	M. Levinson	Telephone conversation with J. Hermann re the distribution motion and the position of the unsecured creditors committee on certain aspects thereof (.30); follow-up conversation with M. Tucker and J. Hermann re the same (.30); follow-up conversation with M. Tucker re his conversation with T. Burr re the \$9 million in the collection account as subject to distribution (.10).	0.70	392.00



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*Task B504 – EPIC Loan*

07/11/06	K. Neureiter	Review various emails re draft complaint re Epic loan.	0.20	75.00
07/11/06	K. Neureiter	Review complaint re Epic loan forwarded by J. Hermann	0.20	75.00
07/11/06	L. Ernce	Review J. Hermann email re draft Epic loan complaint and related email exchanges.	0.20	93.00
07/12/06	M. Levinson	Review a number of J. Hermann, M. Tucker and C. Harwick email memoranda re the draft complaint relating to the Epic loan and the Tree Moss transactions and analysis re next steps in light of the same.	0.20	112.00
07/12/06	J. Hermann	Further review and analysis of transaction and file documents, and draft complaint, and consideration and analysis of issues bearing upon recordation of lis pendens against property and other issues in connection with steps to be taken to collect on residue of loan.	1.90	1,083.00
07/13/06	M. Levinson	Review S. Strong re status of the possible meeting with J. Milanowski re Tree Moss and other issues.	0.10	56.00
07/19/06	J. Hermann	Initial review and analysis of results of appraisal of collateral received from Hilco.	0.50	285.00
07/19/06	J. Hermann	Review and analysis of correspondence and emails regarding follow-up on efforts to recover collateral for Epic loan, meeting with J. Milanowski next week to discuss Epic and 10-90 and related matters.	0.40	228.00
07/19/06	J. Hermann	Participate in conference call with debtors' counsel and Diversified Committee professionals regarding communications with J. Milanowski and other developments in collection of Epic and 10-90 loans.	0.30	171.00
07/19/06	M. Levinson	Review A. Jarvis email memorandum and draft documents attached thereto in preparation for the upcoming telephone conversation with A. Jarvis and others re the Epic loan (.20); telephone conversation with A. Jarvis, J. Hermann and M. Tucker re T. Allison's conversation with J. Milanowski re Epic and re the possible sale by Tree Moss and re related matters (.30).	0.50	280.00


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07/20/06	M. Levinson	Review the draft settlement agreement and transfer documents with respect to the Epic and Tree Moss transactions (.30); telephone conversation with M. Tucker re the same and re his conversation today with T. Allison re the same (.20); telephone conversation with A. Jarvis, M. Tucker and others re the foregoing (.10); lengthy email memorandum to two Orrick real estate partners providing background and requesting that a real estate lawyer review the draft settlement agreement and transfer documents (.30).	0.90	504.00
07/21/06	M. Levinson	Follow-up telephone conversation with an Orrick real estate partner re documenting the re-transfer of the Epic property.	0.10	56.00
07/25/06	M. Levinson	Telephone conversation with M.J. Pritchett re the form of re-conveyance from Tree Moss to the Diversified Fund (.10); review the questions drafted by M. Tucker in preparation for the Epic portion of his meeting with J. Milanowski (.10).	0.20	112.00
07/26/06	J. Hermann	Telephone conference with S. Tingey regarding results of meeting with J. Milanowski and means of ensuring that sales proceeds of 63 condominiums are remitted to Diversified Fund.	0.30	171.00
07/27/06	M. Levinson	Portion of a long telephone conversation with A. Jarvis and S. Strong devoted to monetizing the Epic loan.	0.10	56.00
07/28/06	J. Hermann	Participate in conference call with M. Levinson and M. Tucker regarding participation in collection efforts on 10-90, Inc. loan, Epic loan, other loans and arrangements with Investment Partners and regarding matters in connection with opposition to distribution motion.	0.20	114.00
07/28/06	M. Levinson	Portion of long telephone conversation with J. Hermann and M. Tucker devoted to a discussion of next steps with respect to analysis and collection of the Epic loan.	0.20	112.00
		<i>B504 – EPIC Loan Total</i>	6.50	3,583.00

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*Task B505 – 10-90 Loan*

07/10/06	M. Levinson	Participate in a series of many email memoranda with T. Allison, A. Jarvis, L. Redman and J. Hermann re the upcoming meeting with L. Redman and the debtors concerning the various Ashby transactions.	0.30	168.00
07/10/06	J. Hermann	Participate in exchange of email correspondence regarding meeting with L. Redman in Corona, Ca. in connection with 10-90, Inc. loan and other matters and review and analysis of file materials in connection with the same.	0.60	342.00
07/10/06	J. Hermann	Multiple telephone conferences with L. Redman and M. Levinson regarding arrangements for meeting in Corona next week on 10-90, Inc. loan.	0.30	171.00
07/11/06	M. Levinson	Review lengthy J. Hermann email memorandum re the upcoming meeting with L. Redman, T. Allison and others and exchange a number of brief email memoranda with J. Hermann and others re aspects of the meeting.	0.20	112.00
07/11/06	J. Hermann	Review and analysis of loan documentation and other information available on 10-90, Inc. loans, other Fiesta development loans, other Ashby-related loans and related matters in connection with upcoming meeting with Fiesta representatives on Monday.	3.80	2,166.00
07/12/06	M. Levinson	Email memorandum to T. Allison, A. Jarvis, M. Tucker, C. Harwick and J. Hermann re the upcoming July 17th meeting with L. Redman, brief follow-up email memorandum to A. Jarvis and review the letter from J. Mahoney, counsel to J. Redman, re the meeting.	0.20	112.00
07/13/06	J. Hermann	Participate in conference call with M. Tucker, C. Harwick, and M. Levinson regarding issues for meeting with Ashby representatives on Monday, details of Ashby loans outstanding, areas of inquiry to pursue at meeting and collection of 10-90 loan in general.	0.80	456.00


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07/13/06	M. Levinson	Several email memoranda to J. Hermann and M. Tucker re the upcoming meeting with L. Redman and re related 10-90 and preparation issues (.20); participate in a portion of a long conference call with M. Tucker, C. Harvick and J. Hermann in preparation for the meeting with T. Allison, A. Jarvis and L. Redman re the 10-90 loan and related transactions (.50).	0.70	392.00
07/14/06	M. Levinson	Review brief email memoranda from T. Allison and M. Tucker re the upcoming meeting with L. Redman and send an email to T. Allison, A. Jarvis and others re logistics for the same (.20); review and respond to a series of follow-up email memoranda re the upcoming meeting (.30); review and analyze the status of collateral report prepared by C. Harvick in connection with the 10-90 and other Ashby-related loans (.20).	0.70	392.00
07/14/06	J. Hermann	Review and analysis of additional materials received on Ashby-related loans in preparation for meeting on Monday with debtor representatives and Ashby representatives.	1.80	1,026.00
07/15/06	M. Levinson	Review email memoranda, documents and data in preparation for the July 17th meeting with L. Redman, T. Allison and others re the various Ashby loans.	1.20	672.00
07/16/06	M. Levinson	Further document and other review in preparation for tomorrow's meetings with L. Redman, T. Allison and others.	0.30	168.00
07/17/06	J. Hermann	Prepare for and participate in lengthy meeting with representatives of Fiesta Development and representatives of Debtors regarding all aspects of loans outstanding to Fiesta Development and to Ashby-related entities, repayment of such loans, interests of Investment Partners in various projects and development entities and status of ongoing development projects and related issues and travel to and from Corona in connection with the same.	7.10	4,047.00


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07/17/06	M. Levinson	Travel from Sacramento to the Ontario airport, from the Sacramento airport speak to K. Neureiter about the distribution motion, leave a voicemail message for L. Ernce re various matters and review an email memorandum from a claims trader and forward the same to L. Ernce, and en route review documents and data in preparation for the upcoming meetings (2.50); meetings with A. Jarvis and M. Tucker at the Ontario airport re the upcoming meeting and other matters, and continue the meetings with T. Allison en route to Corona (1.60); meetings re the 10-90 and Investment Partners transactions at the offices of Fiesta Development in Corona with L. Redman, P. McNicholas and others from Fiesta and T. Allison, A. Jarvis, M. Tucker and J. Hermann (4.20); travel from Corona to the Ontario airport and discuss next steps with T. Allison, A. Jarvis and M. Tucker (.70); meetings at the airport with M. Tucker re next steps (.60); travel from Ontario to Sacramento and analysis re next steps en route (1.80).	11.40	6,384.00
07/19/06	J. Hermann	Participate in conference call with debtors' counsel and Diversified Committee professionals regarding communications with J. Milanowski and other developments in collection of Epic and 10-90 loans.	0.30	171.00
07/19/06	M. Levinson	Telephone conversation with A. Jarvis, J. Hermann and M. Tucker re developments since July 17th and re next steps (.40); review lengthy M. Tucker email memorandum re Ashby projects (.10).	0.50	280.00
07/20/06	L. Ernce	Review M. Tucker email memo re information from Fiesta on 10-90 loan.	0.10	46.50
07/20/06	M. Levinson	Telephone conversation with M. Tucker re his conversation today with R. Allison re recovering on the 10-90 loan (.20); telephone conversation with A. Jarvis, M. Tucker and others re the upcoming meeting with J. Milanowski re the 10-90 loan and related matters (.10); review M. Tucker email memorandum re 10-90 payments made to Ashby-related entities (.10).	0.40	224.00


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07/24/06	J. Hermann	Travel to Las Vegas for meeting on 10-90, Inc. loan with J. Milanowski and consideration and analysis of issues bearing upon the same enroute.	2.50	1,425.00
07/25/06	M. Levinson	Review the questions drafted by M. Tucker in preparation for the 10-90 portion of his meeting with J. Milanowski.	0.10	56.00
07/25/06	J. Hermann	Travel from Las Vegas after meeting with J. Milanowski regarding 10-90, Inc. loan and consideration and analysis of collection issues enroute.	2.50	1,425.00
07/25/06	J. Hermann	Participate in meeting with J. Milanowski and his counsel with M. Tucker, A. Jarvis and R. Allison regarding issues in connection with 10-90, Inc. loan and related matters and follow-up discussions regarding results of meeting.	1.30	741.00
07/27/06	M. Levinson	Review the organization chart reflecting the Investment Partners entities forwarded by T. Allison to M. Tucker on July 27th (.20); portion of a long telephone conversation with A. Jarvis and S. Strong devoted to next steps with respect to the July 25th meeting with J. Milanowski and to next steps in collecting the 10-90, Inc. loan and email them the organizational chart during the call (.20).	0.40	224.00
07/27/06	J. Hermann	Review and analysis of exemplars and relevant authority regarding issues in connection with LLC member consent to pledge of member interests by 10-90, Inc. in preparation for preparation of form of consent requested by J. Milanowski.	0.80	456.00
07/28/06	J. Hermann	Participate in conference call with M. Levinson and M. Tucker regarding participation in collection efforts on 10-90, Inc. loan, Epic loan, other loans and arrangements with Investment Partners.	0.80	456.00
07/28/06	J. Hermann	Review and analysis of financing statements filed against Investment Partners in connection with 10-90, Inc. loan and \$58 million Investment Partners loan, determination of perfection, priority and preference exposure associated with the same, and preparation of email correspondence regarding conclusions and transmitting same.	0.80	456.00

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07/28/06	M. Levinson	Portion of long telephone conversation with J. Hermann and M. Tucker devoted to a discussion of next steps with respect to analysis and collection of the 10-90 loan (.80); review J. Herman email memorandum to S. Strong requesting confirmation that the debtors had perfected the lien on Investment Partners and the A. Jarvis and K. Glade response thereto, including the financing statements attached thereto (.10); review J. Hermann email memorandum re the same and re issues relating to the same (.10); analysis re next steps with respect to 10-90 and Investment Partners in light of the foregoing (.20).	1.20	672.00
07/31/06	J. Hermann	Telephone conference with R. Charles and M. Levinson regarding matters in connection with 10-90, Inc. loan and meeting on Thursday to discuss same in greater detail and other relevant matters.	0.50	285.00
07/31/06	M. Levinson	Telephone conversation with J. Hermann and R. Charles re a possible meeting between the professionals of our committees re the Diversified Committee investigation into the 10-90 loan and Investment Partners during which we exchange email memoranda including those with S. Freeman.	0.50	280.00
<i>B505 – 10-90 Loan Total</i>			<b>42.10</b>	<b>23,805.50</b>
<b>PHASE B400 – BANKRUPTCY-RELATED ADVICE TOTAL</b>			<b>283.80</b>	<b>145,120.50</b>
Total Hours			449.90	
Total For Services				<b>\$225,438.00</b>

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<b>Task Code</b>	<b>Description</b>	<b>Hours</b>	<b>Billed Amount</b>
<b>PHASE B100 – ADMINISTRATION</b>			
B110	Case Administration	20.60	10,602.00
B120	Asset Analysis and Recovery	13.90	7,628.50
B130	Asset Disposition & Sales	2.10	1,184.50
B152	Meetings & Communications with other Committees	32.90	18,220.50
B153	Meetings & Communications with the Committee or members of the Committee	18.00	9,396.00
B154	Meetings & Communications with the Creditors or Equity holders	19.10	9,134.50
B160	Fee/Employment Applications	19.70	6,628.00
B170	Fee/Employment Objections	3.10	1,498.50
<b>PHASE B100 – ADMINISTRATION TOTALS</b>			<b>129.40</b>
<b>PHASE B200 – OPERATIONS</b>			
B210	Business Operations	2.40	1,135.00
B230	Financing/Cash Collections	1.90	1,010.00
<b>PHASE B200 – OPERATIONS TOTALS</b>			<b>4.30</b>
<b>PHASE B300 – CLAIMS AND PLAN</b>			
B310	Claims Administration and Objections	23.80	9,072.50
B320	Plan and Disclosure Statement (including Business Plan)	8.60	4,807.50
<b>PHASE B300 – CLAIMS AND PLAN TOTALS</b>			<b>32.40</b>
<b>PHASE B400 – BANKRUPTCY-RELATED ADVICE</b>			
B503	Litigation	235.20	117,732.00
B504	EPIC Loan	6.50	3,583.00
B505	10-90 Loan	42.10	23,805.50
<b>PHASE B400 – BANKRUPTCY-RELATED ADVICE TOTALS</b>			<b>283.80</b>
<b>Totals</b>			<b>\$225,438.00</b>

<b>Timekeeper Summary</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Rachael Barainca	9.30	140.00	1,302.00
Lynn T. Ernce	70.60	465.00	32,829.00
Jeffery D. Hermann	127.80	570.00	72,846.00
Marc A. Levinson	143.20	560.00	80,192.00
Kimberly E. Neureiter	94.60	375.00	35,475.00
Daniel J. Tyukody	4.40	635.00	2,794.00
Total All Timekeepers	449.90	\$501.08	\$225,438.00

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**Disbursements**

Duplicating Expense	55.20
Faximile	38.00
Lexis Research	2,786.00
Local Taxi Expense	35.00
Out of Town Business Meals	40.00
Parking Expense	32.00
Postage	2.22
Telephone	294.78
Travel Expense, Air Fare	559.70
Travel Expense, Local	26.70
Travel Expense, Out of Town	227.50
Westlaw Research	68.25
<b>Total Disbursements</b>	<b>\$4,165.35</b>

<b>Total For This Matter</b>	<b>\$229,603.35</b>
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